HOUSE BILL No. 1276

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-1-3.5; IC 20-28-9.5.

Synopsis: Incentive award for teachers. Establishes the education savings performance incentive award fund (fund) to reward highly effective and effective teachers by paying contributions to certain education savings accounts. Provides that a teacher who: (1) is employed by a school corporation; and (2) has been rated highly effective or effective in performance evaluations for eight of the immediately preceding 10 years the teacher has been employed by a school corporation as a teacher; is entitled to receive from the fund a contribution of \$2,500 to an account designated by the teacher. Provides that only one contribution may be paid in a 10 year period. Provides that the amount of a contribution is not included in a teacher's adjusted gross income for state income tax purposes. Makes a continuous appropriation.

Effective: July 1, 2015.

Huston

January 13, 2015, read first time and referred to Committee on Education.



First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in this style type, and deletions will appear in this style type.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or *this style type* reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

HOUSE BILL No. 1276

A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1	SECTION 1. IC 6-3-1-3.5, AS AMENDED BY P.L.205-2013
2	SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3	JULY 1, 2015]: Sec. 3.5. When used in this article, the term "adjusted
4	gross income" shall mean the following:
5	(a) In the case of all individuals, "adjusted gross income" (as
6	defined in Section 62 of the Internal Revenue Code), modified as
7	follows:
8	(1) Subtract income that is exempt from taxation under this article
9	by the Constitution and statutes of the United States.
10	(2) Add an amount equal to any deduction or deductions allowed
11	or allowable pursuant to Section 62 of the Internal Revenue Code
12	for taxes based on or measured by income and levied at the state
13	level by any state of the United States.
14	(3) Subtract one thousand dollars (\$1,000), or in the case of a
15	joint return filed by a husband and wife, subtract for each spouse



1	one thousand dollars (\$1,000).
2	(4) Subtract one thousand dollars (\$1,000) for:
3	(A) each of the exemptions provided by Section 151(c) of the
4	Internal Revenue Code;
5	(B) each additional amount allowable under Section 63(f) of
6	the Internal Revenue Code; and
7	(C) the spouse of the taxpayer if a separate return is made by
8	the taxpayer and if the spouse, for the calendar year in which
9	the taxable year of the taxpayer begins, has no gross income
10	and is not the dependent of another taxpayer.
1	(5) Subtract:
12	(A) one thousand five hundred dollars (\$1,500) for each of the
13	exemptions allowed under Section 151(c)(1)(B) of the Internal
14	Revenue Code (as effective January 1, 2004); and
15	(B) five hundred dollars (\$500) for each additional amount
16	allowable under Section 63(f)(1) of the Internal Revenue Code
17	if the adjusted gross income of the taxpayer, or the taxpayer
18	and the taxpayer's spouse in the case of a joint return, is less
19	than forty thousand dollars (\$40,000).
20	This amount is in addition to the amount subtracted under
21	subdivision (4).
22	(6) Subtract an amount equal to the lesser of:
23	(A) that part of the individual's adjusted gross income (as
24	defined in Section 62 of the Internal Revenue Code) for that
25 26	taxable year that is subject to a tax that is imposed by a
26	political subdivision of another state and that is imposed on or
27	measured by income; or
28	(B) two thousand dollars (\$2,000).
29	(7) Add an amount equal to the total capital gain portion of a
30	lump sum distribution (as defined in Section 402(e)(4)(D) of the
31	Internal Revenue Code) if the lump sum distribution is received
32	by the individual during the taxable year and if the capital gain
33	portion of the distribution is taxed in the manner provided in
34	Section 402 of the Internal Revenue Code.
35	(8) Subtract any amounts included in federal adjusted gross
36	income under Section 111 of the Internal Revenue Code as a
37	recovery of items previously deducted as an itemized deduction
38	from adjusted gross income.
39	(9) Subtract any amounts included in federal adjusted gross
10	income under the Internal Revenue Code which amounts were
11	received by the individual as supplemental railroad retirement
12	annuities under 45 U.S.C. 231 and which are not deductible under



1	subdivision (1).
2	(10) Subtract an amount equal to the amount of federal Social
3	Security and Railroad Retirement benefits included in a taxpayer's
4	federal gross income by Section 86 of the Internal Revenue Code.
5	(11) In the case of a nonresident taxpayer or a resident taxpayer
6	residing in Indiana for a period of less than the taxpayer's entire
7	taxable year, the total amount of the deductions allowed pursuant
8	to subdivisions (3), (4), (5), and (6) shall be reduced to an amount
9	which bears the same ratio to the total as the taxpayer's income
10	taxable in Indiana bears to the taxpayer's total income.
11	(12) In the case of an individual who is a recipient of assistance
12	under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
13	subtract an amount equal to that portion of the individual's
14	adjusted gross income with respect to which the individual is not
15	allowed under federal law to retain an amount to pay state and
16	local income taxes.
17	(13) In the case of an eligible individual, subtract the amount of
18	a Holocaust victim's settlement payment included in the
19	individual's federal adjusted gross income.
20	(14) Subtract an amount equal to the portion of any premiums
21	paid during the taxable year by the taxpayer for a qualified long
22	term care policy (as defined in IC 12-15-39.6-5) for the taxpayer
23	or the taxpayer's spouse, or both.
24	(15) Subtract an amount equal to the lesser of:
25	(A) two thousand five hundred dollars (\$2,500); or
26	(B) the amount of property taxes that are paid during the
27	taxable year in Indiana by the individual on the individual's
28	principal place of residence.
29	(16) Subtract an amount equal to the amount of a September 11
30	terrorist attack settlement payment included in the individual's
31	federal adjusted gross income.
32	(17) Add or subtract the amount necessary to make the adjusted
33	gross income of any taxpayer that owns property for which bonus
34	depreciation was allowed in the current taxable year or in an
35	earlier taxable year equal to the amount of adjusted gross income
36	that would have been computed had an election not been made
37	under Section 168(k) of the Internal Revenue Code to apply bonus
38	depreciation to the property in the year that it was placed in
39	service.
40	(18) Add an amount equal to any deduction allowed under
41	Section 172 of the Internal Revenue Code.



2015

(19) Add or subtract the amount necessary to make the adjusted

•
gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been
computed had an election for federal income tax purposes not
been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal
Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).
(20) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable
year under Section 199 of the Internal Revenue Code for federal income tax purposes.
(21) Subtract an amount agual to the amount of the taypayar's

- (21) Subtract an amount equal to the amount of the taxpayer's qualified military income that was not excluded from the taxpayer's gross income for federal income tax purposes under Section 112 of the Internal Revenue Code.
- (22) Subtract income that is:
 - (A) exempt from taxation under IC 6-3-2-21.7; and
 - (B) included in the individual's federal adjusted gross income under the Internal Revenue Code.
- (23) Subtract any amount of a credit (including an advance refund of the credit) that is provided to an individual under 26 U.S.C. 6428 (federal Economic Stimulus Act of 2008) and included in the individual's federal adjusted gross income.
- (24) Add any amount of unemployment compensation excluded from federal gross income, as defined in Section 61 of the Internal Revenue Code, under Section 85(c) of the Internal Revenue Code. (25) Add the amount excluded from gross income under Section 108(a)(1)(e) of the Internal Revenue Code for the discharge of debt on a qualified principal residence.
- (26) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract the amount necessary from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1,



1	2011, of an applicable debt instrument, as provided in Section
2	108(i) of the Internal Revenue Code.
3	(27) Add or subtract the amount necessary to make the adjusted
4	gross income of any taxpayer that claimed the special allowance
5	for qualified disaster assistance property under Section 168(n) of
6	the Internal Revenue Code equal to the amount of adjusted gross
7	income that would have been computed had the special allowance
8	not been claimed for the property.
9	(28) Add or subtract the amount necessary to make the adjusted
10	gross income of any taxpayer that made an election under Section
11	179C of the Internal Revenue Code to expense costs for qualified
12	refinery property equal to the amount of adjusted gross income
13	that would have been computed had an election for federal
14	income tax purposes not been made for the year.
15	(29) Add or subtract the amount necessary to make the adjusted
16	gross income of any taxpayer that made an election under Section
17	181 of the Internal Revenue Code to expense costs for a qualified
18	film or television production equal to the amount of adjusted
19	gross income that would have been computed had an election for
20	federal income tax purposes not been made for the year.
21	(30) Add or subtract the amount necessary to make the adjusted
22	gross income of any taxpayer that treated a loss from the sale or
23	exchange of preferred stock in:
24	(A) the Federal National Mortgage Association, established
25	under the Federal National Mortgage Association Charter Act
26	(12 U.S.C. 1716 et seq.); or
27	(B) the Federal Home Loan Mortgage Corporation, established
28	under the Federal Home Loan Mortgage Corporation Act (12
29	U.S.C. 1451 et seq.);
30	as an ordinary loss under Section 301 of the Emergency
31	Economic Stabilization Act of 2008 in the current taxable year or
32	in an earlier taxable year equal to the amount of adjusted gross
33	income that would have been computed had the loss not been
34	treated as an ordinary loss.
35	(31) Add the amount excluded from federal gross income under
36	Section 103 of the Internal Revenue Code for interest received on
37	an obligation of a state other than Indiana, or a political
38	subdivision of such a state, that is acquired by the taxpayer after
39	December 31, 2011.
40	(32) This subdivision does not apply to payments made for
41	services provided to a business that was enrolled and participated



2015

in the E-Verify program (as defined in IC 22-5-1.7-3) during the

	6
1	time the taxpayer conducted business in Indiana in the taxable
2	year. For a taxable year beginning after June 30, 2011, add the
3	amount of any trade or business deduction allowed under the
4	Internal Revenue Code for wages, reimbursements, or other
5	payments made for services provided in Indiana by an individual
6	for services as an employee, if the individual was, during the
7	period of service, prohibited from being hired as an employee
8	under 8 U.S.C. 1324a.
9	(33) Subtract any amount of a contribution paid by the
10	department of education under IC 20-28-9.5 to an account (as
11	defined in IC 20-28-9.5-1) designated by the individual.
12	(b) In the case of corporations, the same as "taxable income" (as
13	defined in Section 63 of the Internal Revenue Code) adjusted as
14	follows:
15	(1) Subtract income that is exempt from taxation under this article
16	by the Constitution and statutes of the United States

- by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.
- (3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.
- (4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.
- (5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in
- (6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.
- (7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not



18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34 35

36 37

38

39

40

41

1	been made for the year in which the property was placed in
2	service to take deductions under Section 179 of the Internal
3	Revenue Code in a total amount exceeding twenty-five thousand
4	dollars (\$25,000).
5	(8) Add an amount equal to the amount that a taxpayer claimed as
6	a deduction for domestic production activities for the taxable year
7	under Section 199 of the Internal Revenue Code for federal
8	income tax purposes.
9	(9) Add to the extent required by IC 6-3-2-20 the amount of
10	intangible expenses (as defined in IC 6-3-2-20) and any directly
11	related intangible interest expenses (as defined in IC 6-3-2-20) for
12	the taxable year that reduced the corporation's taxable income (as
13	defined in Section 63 of the Internal Revenue Code) for federal
14	income tax purposes.
15	(10) Add an amount equal to any deduction for dividends paid (as
16	defined in Section 561 of the Internal Revenue Code) to
17	shareholders of a captive real estate investment trust (as defined
18	in section 34.5 of this chapter).
19	(11) Subtract income that is:
20	(A) exempt from taxation under IC 6-3-2-21.7; and
21	(B) included in the corporation's taxable income under the
22	Internal Revenue Code.
23	(12) Add an amount equal to any income not included in gross
24	income as a result of the deferral of income arising from business
25	indebtedness discharged in connection with the reacquisition after
26	December 31, 2008, and before January 1, 2011, of an applicable
27	debt instrument, as provided in Section 108(i) of the Internal
28	Revenue Code. Subtract from the adjusted gross income of any
29	taxpayer that added an amount to adjusted gross income in a
30	previous year the amount necessary to offset the amount included
31	in federal gross income as a result of the deferral of income
32	arising from business indebtedness discharged in connection with
33	the reacquisition after December 31, 2008, and before January 1,
34	2011, of an applicable debt instrument, as provided in Section
35	108(i) of the Internal Revenue Code.
36	(13) Add or subtract the amount necessary to make the adjusted
37	gross income of any taxpayer that claimed the special allowance

for qualified disaster assistance property under Section 168(n) of

the Internal Revenue Code equal to the amount of adjusted gross

income that would have been computed had the special allowance

(14) Add or subtract the amount necessary to make the adjusted

not been claimed for the property.



38 39

40

41

1	gross income of any taxpayer that made an election under Section
2	179C of the Internal Revenue Code to expense costs for qualified
3	refinery property equal to the amount of adjusted gross income
4	that would have been computed had an election for federal
5	income tax purposes not been made for the year.
6	(15) Add or subtract the amount necessary to make the adjusted
7	gross income of any taxpayer that made an election under Section
8	181 of the Internal Revenue Code to expense costs for a qualified
9	film or television production equal to the amount of adjusted
10	gross income that would have been computed had an election for
11	federal income tax purposes not been made for the year.
12	(16) Add or subtract the amount necessary to make the adjusted
13	gross income of any taxpayer that treated a loss from the sale or
14	exchange of preferred stock in:
15	(A) the Federal National Mortgage Association, established
16	under the Federal National Mortgage Association Charter Act
17	(12 U.S.C. 1716 et seq.); or
18	(B) the Federal Home Loan Mortgage Corporation, established
19	under the Federal Home Loan Mortgage Corporation Act (12
20	U.S.C. 1451 et seq.);
21	as an ordinary loss under Section 301 of the Emergency
22	Economic Stabilization Act of 2008 in the current taxable year or
23	in an earlier taxable year equal to the amount of adjusted gross
24	income that would have been computed had the loss not been
25	treated as an ordinary loss.
26	(17) This subdivision does not apply to payments made for
27	services provided to a business that was enrolled and participated
28	in the E-Verify program (as defined in IC 22-5-1.7-3) during the
29	time the taxpayer conducted business in Indiana in the taxable
30	year. For a taxable year beginning after June 30, 2011, add the
31	amount of any trade or business deduction allowed under the
32	Internal Revenue Code for wages, reimbursements, or other
33	payments made for services provided in Indiana by an individual
34	for services as an employee, if the individual was, during the
35	period of service, prohibited from being hired as an employee
36	under 8 U.S.C. 1324a.
37	(18) Add the amount excluded from federal gross income under
38	Section 103 of the Internal Revenue Code for interest received on
39	an obligation of a state other than Indiana, or a political
40	subdivision of such a state, that is acquired by the taxpayer after
41	December 31, 2011.

(c) In the case of life insurance companies (as defined in Section



42

1	816(a) of the Internal Revenue Code) that are organized under Indiana
2	law, the same as "life insurance company taxable income" (as defined
3	in Section 801 of the Internal Revenue Code), adjusted as follows:
4	(1) Subtract income that is exempt from taxation under this article
5	by the Constitution and statutes of the United States.
6	(2) Add an amount equal to any deduction allowed or allowable
7	under Section 170 of the Internal Revenue Code.
8	(3) Add an amount equal to a deduction allowed or allowable
9	under Section 805 or Section 831(c) of the Internal Revenue Code
10	for taxes based on or measured by income and levied at the state
11	level by any state.
12	(4) Subtract an amount equal to the amount included in the
13	company's taxable income under Section 78 of the Internal
14	Revenue Code.
15	(5) Add or subtract the amount necessary to make the adjusted
16	gross income of any taxpayer that owns property for which bonus
17	depreciation was allowed in the current taxable year or in an
18	earlier taxable year equal to the amount of adjusted gross income
19	that would have been computed had an election not been made
20	under Section 168(k) of the Internal Revenue Code to apply bonus
21	depreciation to the property in the year that it was placed in
22	service.
23	(6) Add an amount equal to any deduction allowed under Section
24	172 or Section 810 of the Internal Revenue Code.
25	(7) Add or subtract the amount necessary to make the adjusted
26	gross income of any taxpayer that placed Section 179 property (as
27	defined in Section 179 of the Internal Revenue Code) in service
28	in the current taxable year or in an earlier taxable year equal to
29	the amount of adjusted gross income that would have been
30	computed had an election for federal income tax purposes not
31	been made for the year in which the property was placed in
32	service to take deductions under Section 179 of the Internal
33	Revenue Code in a total amount exceeding twenty-five thousand
34	dollars (\$25,000).
35	(8) Add an amount equal to the amount that a taxpayer claimed as
36	a deduction for domestic production activities for the taxable year
37	under Section 199 of the Internal Revenue Code for federal
38	income tax purposes.
39	(9) Subtract income that is:
40	(A) exempt from taxation under IC 6-3-2-21.7; and
41	(B) included in the insurance company's taxable income under

the Internal Revenue Code.



42

1	(10) Add an amount equal to any income not included in gross
2	income as a result of the deferral of income arising from business
3	indebtedness discharged in connection with the reacquisition after
4	December 31, 2008, and before January 1, 2011, of an applicable
5	debt instrument, as provided in Section 108(i) of the Interna
6	Revenue Code. Subtract from the adjusted gross income of any
7	taxpayer that added an amount to adjusted gross income in a
8	previous year the amount necessary to offset the amount included
9	in federal gross income as a result of the deferral of income
10	arising from business indebtedness discharged in connection with
1	the reacquisition after December 31, 2008, and before January 1
12	2011, of an applicable debt instrument, as provided in Section
13	108(i) of the Internal Revenue Code.
14	(11) Add or subtract the amount necessary to make the adjusted
15	gross income of any taxpayer that claimed the special allowance
16	for qualified disaster assistance property under Section 168(n) or
17	the Internal Revenue Code equal to the amount of adjusted gross
18	income that would have been computed had the special allowance
19	not been claimed for the property.
20	(12) Add or subtract the amount necessary to make the adjusted
21	gross income of any taxpayer that made an election under Section
22	179C of the Internal Revenue Code to expense costs for qualified
23	refinery property equal to the amount of adjusted gross income
23 24 25	that would have been computed had an election for federa
25	income tax purposes not been made for the year.
26	(13) Add or subtract the amount necessary to make the adjusted
27	gross income of any taxpayer that made an election under Section
28	181 of the Internal Revenue Code to expense costs for a qualified
29	film or television production equal to the amount of adjusted
30	gross income that would have been computed had an election for
31	federal income tax purposes not been made for the year.
32	(14) Add or subtract the amount necessary to make the adjusted
33	gross income of any taxpayer that treated a loss from the sale of
34	exchange of preferred stock in:
35	(A) the Federal National Mortgage Association, established
36	under the Federal National Mortgage Association Charter Ac
37	(12 U.S.C. 1716 et seq.); or
38	(B) the Federal Home Loan Mortgage Corporation, established
39	under the Federal Home Loan Mortgage Corporation Act (12
10	U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or



1	in an earlier taxable year equal to the amount of adjusted gross
2	income that would have been computed had the loss not been
3	treated as an ordinary loss.
4	(15) Add an amount equal to any exempt insurance income under
5	Section 953(e) of the Internal Revenue Code that is active
6	financing income under Subpart F of Subtitle A, Chapter 1,
7	Subchapter N of the Internal Revenue Code.
8	(16) This subdivision does not apply to payments made for
9	services provided to a business that was enrolled and participated
10	in the E-Verify program (as defined in IC 22-5-1.7-3) during the
11	time the taxpayer conducted business in Indiana in the taxable
12	year. For a taxable year beginning after June 30, 2011, add the
13	amount of any trade or business deduction allowed under the
14	Internal Revenue Code for wages, reimbursements, or other
15	payments made for services provided in Indiana by an individual
16	for services as an employee, if the individual was, during the
17	period of service, prohibited from being hired as an employee
18	under 8 U.S.C. 1324a.
19	(17) Add the amount excluded from federal gross income under
20	Section 103 of the Internal Revenue Code for interest received on
21	an obligation of a state other than Indiana, or a political
22	subdivision of such a state, that is acquired by the taxpayer after
23	December 31, 2011.
24	(d) In the case of insurance companies subject to tax under Section
25	831 of the Internal Revenue Code and organized under Indiana law, the
26	same as "taxable income" (as defined in Section 832 of the Internal
27	Revenue Code), adjusted as follows:
28	(1) Subtract income that is exempt from taxation under this article
29	by the Constitution and statutes of the United States.
30	(2) Add an amount equal to any deduction allowed or allowable
31	under Section 170 of the Internal Revenue Code.
32	(3) Add an amount equal to a deduction allowed or allowable
33	under Section 805 or Section 831(c) of the Internal Revenue Code
34	for taxes based on or measured by income and levied at the state
35	level by any state.
36	(4) Subtract an amount equal to the amount included in the
37	company's taxable income under Section 78 of the Internal
38	Revenue Code.
39	(5) Add or subtract the amount necessary to make the adjusted
40	gross income of any taxpayer that owns property for which bonus
41	depreciation was allowed in the current taxable year or in an



2015

earlier taxable year equal to the amount of adjusted gross income

that would have been computed had an election not been made
under Section 168(k) of the Internal Revenue Code to apply bonus
depreciation to the property in the year that it was placed in
service.

- (6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.
- (7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).
- (8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.
- (9) Subtract income that is:
 - (A) exempt from taxation under IC 6-3-2-21.7; and
 - (B) included in the insurance company's taxable income under the Internal Revenue Code.
- (10) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.
- (11) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance



1	
1	not been claimed for the property.
2	(12) Add or subtract the amount necessary to make the adjusted
3	gross income of any taxpayer that made an election under Section
4	179C of the Internal Revenue Code to expense costs for qualified
5	refinery property equal to the amount of adjusted gross income
6	that would have been computed had an election for federal
7	income tax purposes not been made for the year.
8	(13) Add or subtract the amount necessary to make the adjusted
9	gross income of any taxpayer that made an election under Section
0	181 of the Internal Revenue Code to expense costs for a qualified
1	film or television production equal to the amount of adjusted
2	gross income that would have been computed had an election for
3	federal income tax purposes not been made for the year.
4	(14) Add or subtract the amount necessary to make the adjusted
5	gross income of any taxpayer that treated a loss from the sale or
6	exchange of preferred stock in:
7	(A) the Federal National Mortgage Association, established
8	under the Federal National Mortgage Association Charter Act
9	(12 U.S.C. 1716 et seq.); or
20	(B) the Federal Home Loan Mortgage Corporation, established
:1	under the Federal Home Loan Mortgage Corporation Act (12
22 23 24 25	U.S.C. 1451 et seq.);
23	as an ordinary loss under Section 301 of the Emergency
24	Economic Stabilization Act of 2008 in the current taxable year or
2.5	in an earlier taxable year equal to the amount of adjusted gross
26	income that would have been computed had the loss not been
27	treated as an ordinary loss.
28	(15) Add an amount equal to any exempt insurance income under
29	Section 953(e) of the Internal Revenue Code that is active
0	financing income under Subpart F of Subtitle A, Chapter 1,
1	Subchapter N of the Internal Revenue Code.
52	(16) This subdivision does not apply to payments made for
3	services provided to a business that was enrolled and participated
4	in the E-Verify program (as defined in IC 22-5-1.7-3) during the
5	time the taxpayer conducted business in Indiana in the taxable
66	year. For a taxable year beginning after June 30, 2011, add the
57	amount of any trade or business deduction allowed under the
8	Internal Revenue Code for wages, reimbursements, or other
9	payments made for services provided in Indiana by an individual
0	for services as an employee, if the individual was, during the
-1	period of service, prohibited from being hired as an employee



under 8 U.S.C. 1324a.

1	(17) Add the amount excluded from federal gross income under
2	Section 103 of the Internal Revenue Code for interest received on
3	an obligation of a state other than Indiana, or a political
4	subdivision of such a state, that is acquired by the taxpayer after
5	December 31, 2011.
6	(e) In the case of trusts and estates, "taxable income" (as defined for
7	trusts and estates in Section 641(b) of the Internal Revenue Code)
8	adjusted as follows:
9	(1) Subtract income that is exempt from taxation under this article
10	by the Constitution and statutes of the United States.
11	(2) Subtract an amount equal to the amount of a September 11
12	terrorist attack settlement payment included in the federal
13	adjusted gross income of the estate of a victim of the September
14	11 terrorist attack or a trust to the extent the trust benefits a victim
15	of the September 11 terrorist attack.
16	(3) Add or subtract the amount necessary to make the adjusted
17	gross income of any taxpayer that owns property for which bonus
18	depreciation was allowed in the current taxable year or in an
19	earlier taxable year equal to the amount of adjusted gross income
20	that would have been computed had an election not been made
21	under Section 168(k) of the Internal Revenue Code to apply bonus
22	depreciation to the property in the year that it was placed in
23	service.
24	(4) Add an amount equal to any deduction allowed under Section
25	172 of the Internal Revenue Code.
26	(5) Add or subtract the amount necessary to make the adjusted
27	gross income of any taxpayer that placed Section 179 property (as
28	defined in Section 179 of the Internal Revenue Code) in service
29	in the current taxable year or in an earlier taxable year equal to
30	the amount of adjusted gross income that would have been
31	computed had an election for federal income tax purposes not
32	been made for the year in which the property was placed in
33	service to take deductions under Section 179 of the Internal
34	Revenue Code in a total amount exceeding twenty-five thousand
35	dollars (\$25,000).
36	(6) Add an amount equal to the amount that a taxpayer claimed as
37	a deduction for domestic production activities for the taxable year
38	under Section 199 of the Internal Revenue Code for federal
39	income tax purposes.
40	(7) Subtract income that is:
41	(A) exempt from taxation under IC 6-3-2-21.7; and



2015

(B) included in the taxpayer's taxable income under the

1	Internal Revenue Code.
2	(8) Add an amount equal to any income not included in gross
3	income as a result of the deferral of income arising from business
4	indebtedness discharged in connection with the reacquisition after
5	December 31, 2008, and before January 1, 2011, of an applicable
6	debt instrument, as provided in Section 108(i) of the Internal
7	Revenue Code. Subtract from the adjusted gross income of any
8	taxpayer that added an amount to adjusted gross income in a
9	previous year the amount necessary to offset the amount included
0	in federal gross income as a result of the deferral of income
1	arising from business indebtedness discharged in connection with
2	the reacquisition after December 31, 2008, and before January 1,
3	2011, of an applicable debt instrument, as provided in Section
4	108(i) of the Internal Revenue Code.
5	(9) Add or subtract the amount necessary to make the adjusted
6	gross income of any taxpayer that claimed the special allowance
7	for qualified disaster assistance property under Section 168(n) of
8	the Internal Revenue Code equal to the amount of adjusted gross
9	income that would have been computed had the special allowance
20	not been claimed for the property.
21	(10) Add or subtract the amount necessary to make the adjusted
22 23 24	gross income of any taxpayer that made an election under Section
23	179C of the Internal Revenue Code to expense costs for qualified
24	refinery property equal to the amount of adjusted gross income
25	that would have been computed had an election for federal
2.6 2.7	income tax purposes not been made for the year.
27	(11) Add or subtract the amount necessary to make the adjusted
28	gross income of any taxpayer that made an election under Section
.9	181 of the Internal Revenue Code to expense costs for a qualified
0	film or television production equal to the amount of adjusted
1	gross income that would have been computed had an election for
2	federal income tax purposes not been made for the year.
3	(12) Add or subtract the amount necessary to make the adjusted
4	gross income of any taxpayer that treated a loss from the sale or
5	exchange of preferred stock in:
6	(A) the Federal National Mortgage Association, established
7	under the Federal National Mortgage Association Charter Act
8	(12 U.S.C. 1716 et seq.); or
9	(B) the Federal Home Loan Mortgage Corporation, established
-0	under the Federal Home Loan Mortgage Corporation Act (12
-1	U.S.C. 1451 et seq.);
2	as an ordinary loss under Section 301 of the Emergency



1	Economic Stabilization Act of 2008 in the current taxable year or
2	in an earlier taxable year equal to the amount of adjusted gross
3	income that would have been computed had the loss not been
4	treated as an ordinary loss.
5	(13) Add the amount excluded from gross income under Section
6	108(a)(1)(e) of the Internal Revenue Code for the discharge of
7	debt on a qualified principal residence.
8	(14) This subdivision does not apply to payments made for
9	services provided to a business that was enrolled and participated
10	in the E-Verify program (as defined in IC 22-5-1.7-3) during the
11	time the taxpayer conducted business in Indiana in the taxable
12	year. For a taxable year beginning after June 30, 2011, add the
13	amount of any trade or business deduction allowed under the
14	Internal Revenue Code for wages, reimbursements, or other
15	payments made for services provided in Indiana by an individual
16	for services as an employee, if the individual was, during the
17	period of service, prohibited from being hired as an employee
18	under 8 U.S.C. 1324a.
19	(15) Add the amount excluded from federal gross income under
20	Section 103 of the Internal Revenue Code for interest received on
21	an obligation of a state other than Indiana, or a political
22	subdivision of such a state, that is acquired by the taxpayer after
23	December 31, 2011.
24	SECTION 2. IC 20-28-9.5 IS ADDED TO THE INDIANA CODE
25	AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
26	JULY 1, 2015]:
27	Chapter 9.5. Education Savings Performance Incentive Award
28	Sec. 1. As used in this chapter, "account" means a trust account
29	or any other account of an education savings plan.
30	Sec. 2. As used in this chapter, "contribution" means a payment
31	directly allocated to an account for the benefit of an account
32	beneficiary or used to pay fees associated with the account.
33	Sec. 3. As used in this chapter, "education savings plan" means
34	any plan that qualifies as a qualified tuition plan under Section 529
35	of the Internal Revenue Code.
36	Sec. 4. As used in this chapter, "fund" refers to the education
37	savings performance incentive award fund established by section
38	5 of this chapter.
39	Sec. 5. (a) The education savings performance incentive award

(b) The purpose of the fund is to reward highly effective and effective teachers by making contributions to accounts as provided



fund is established.

1	under section 8 of this chapter.
2	(c) The fund consists of appropriations to the fund and gifts,
3	grants, devises, or bequests made to the state to achieve the
4	purposes of the fund.
5	(d) The department shall administer the fund.
6	(e) The expenses of administering the fund shall be paid from
7	money in the fund. The treasurer of state shall invest the money in
8	the fund not currently needed to meet the obligations of the fund
9	in the same manner as other public money may be invested.
10	Interest that accrues from these investments shall be deposited in
11	the fund.
12	(f) Money in the fund at the end of the state fiscal year does not
13	revert to the state general fund.
14	(g) Money in the fund is appropriated continuously for the
15	purposes specified in this chapter.
16	Sec. 6. (a) A teacher who:
17	(1) is employed by a school corporation; and
18	(2) has been rated highly effective or effective under
19	IC 20-28-11.5 for eight (8) of the immediately preceding ten
20	(10) years the teacher has been employed by a school
21	corporation as a teacher;
22	is entitled to receive from the fund a contribution of two thousand
23	five hundred dollars (\$2,500) to an account designated by the
24	teacher.
25	(b) A teacher may receive a contribution under subsection (a)
26	only one (1) time in a ten (10) year period.
27	Sec. 7. (a) An eligible teacher may apply to the department for
28	a contribution under this chapter.
29	(b) The department shall prepare an application for eligible
30	teachers. The application must require the following information:
31	(1) The name of the teacher.
32	(2) The name of the:
33	(A) school at which; and
34	(B) school corporation with which;
35	the teacher is employed.
36	(3) The years that the teacher was rated highly effective or
37	effective.
38	(4) An acknowledgment that the teacher has not received a
39	contribution described in section 6 of this chapter within the
40	immediately preceding ten (10) years.
41	(5) The following information concerning the account in

which the teacher would like the contribution to be paid:



42

1	(A) Name of the account owner.
2	(B) The account number.
3	(C) The address or any other information the department
4	considers necessary to be able to make the contribution to
5	the account.
6	(6) Any other information the department considers necessary
7	to:
8	(A) determine eligibility for the contribution; and
9	(B) pay the contribution to the designated account.
10	Sec. 8. If the department receives an application from a teacher
11	who is eligible for a contribution under this chapter, the
12	department shall, not later than sixty (60) days after the
13	department receives the teacher's application, pay the contribution
14	described in section 6 of this chapter to the designated account.
15	Sec. 9. The department shall adopt rules under IC 4-22-2 to
16	carry out this chapter.

